



## RESOURCE ALLOWANCE AND DEPLETION SCHEDULES

### Notes

- 1. Canadian production and processing revenues – oil and gas:** Include amounts, net of Crown charges, pursuant to Regulations 1204(1)(b)(i), (v) and (vi). In general terms, this includes production and/or processing in Canada of petroleum, natural gas, related hydrocarbons, sulphur, heavy crude oil, and Canadian field processing.
- 2. Canadian production and processing revenues – minerals:** Include amounts, net of Crown charges, pursuant to Regulations 1204(1)(b)(ii) and (iii). In general terms, this includes revenues from production and/or processing in Canada of:
  - ore, other than iron ore or tar sands ore, from mineral resources in Canada to any stage that is not beyond the prime metal stage or its equivalent;
  - iron ore from mineral resources in Canada to any stage that is not beyond the pellet stage or its equivalent; or
  - tar sands ore from mineral resources in Canada to any stage that is not beyond the crude oil state or equivalent.
- 3. Production royalties:** In general, this term means a rental or royalty included in income which is computed by reference to the amount or value of petroleum, natural gas, or related hydrocarbons in respect of which the recipient has a Crown royalty. Refer to the definition of production royalty in Regulation 1206(1).

Although Canadian mining royalties (other than those relating to mining of bituminous sands, oil sands, or shale deposits) are not included in the definition of production royalty, they should be treated as production royalties for purposes of this form.

**Resource royalties:** For purposes of this form, resource royalties are royalties other than those included as production royalties and specified royalties.

- 4. Specified royalties:** Where the taxpayer was in receipt of a specified royalty and that amount has been included in fields 050, 051, 700, and 701, one-half of the receipt is deducted in fields 250, 251, 880, and 881 in the computation of adjusted resource profits pursuant to Regulation 1210(2). Where the taxpayer has incurred a specified royalty, the full amount shall be deducted in fields 120, 121, 770, and 771 in computing adjusted resource profits. Refer to the definition of a specified royalty in Regulation 1206(1).
- 5. Hedging gain (loss) in respect of Canadian production:** Where a taxpayer participated in a hedging transaction in respect of its own production, the hedging gain or loss from that transaction (including the related foreign exchange gain or loss) that corresponds to the production during that period shall be considered income from production for the purposes of computing resource profits.
- 6. Adjusted resource profits of a partnership:** Where the taxpayer was a member of a partnership, complete page 4 in respect of each partnership interest. Where the taxpayer was a member of a partnership other than an exempt partnership, the taxpayer's share of adjusted resource profits may be a positive or negative amount.

Where the taxpayer was a member of an exempt partnership, as defined in Regulation 1206(1), and where the adjusted resource profits were negative, that negative amount has to be adjusted for a fiscal period that begins before 2000 pursuant to Regulation 1210(4) and entered in fields 902 and 210.

- 7. Non arm's length transactions:** After March 6, 1996, a taxpayer's resource profits are reduced pursuant to Regulation 1204(1.1)(b) by the difference between:
  - the fair market value of; and
  - amounts actually chargedfor the use of property, or services provided to the taxpayer by a person or partnership with whom the taxpayer was not dealing at arm's length.
- 8. Resource loss:** A taxpayer's prescribed resource loss shall be included in income pursuant to paragraph 12(1)(z.5) of the federal *Income Tax Act*.
- 9. Negative earned depletion base:** Refer to Regulation 1210(1), item C of the formula for computation of negative earned depletion base. Refer to Regulation 1205(1) for the meaning of earned depletion base.
- 10. Resource allowance:** The amount from field 322 is to be entered in field 420, and the amount from field 321, if positive, is to be entered in field 421.

The positive amount in field 421 is a notional resource allowance which is attributed to the successor properties. This amount is to be added back in field 572 in computing the resource profits in field 592.



**CALCULATION OF ADJUSTED RESOURCE PROFITS, RESOURCE LOSS, AND RESOURCE ALLOWANCE**

Name of taxpayer	Business Number	Taxation year end Year      Month      Day
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- This schedule is for use by individuals, trusts, or corporations claiming a resource allowance or earned depletion.
- Paragraphs and regulations referred to in this form are from the federal *Income Tax Act*.
- For more information, refer to the notes attached.

Notes		Regular	Successor *	Total
<b>Revenues</b>				
1	Canadian production and processing revenues – oil and gas (net of Crown charges)	010	011	
2	Canadian production and processing revenues – minerals (net of Crown charges)	020	021	
3	Production royalties revenues	030	031	
3	Resource royalties revenues	040	041	
4	Specified royalties revenues	050	051	
5	Hedging gain (loss) in respect of Canadian production and processing	060	061	
	Other	070	071	
	Subtotal (fields 010 to 070, 011 to 071)	080	081	
	<b>Add:</b> Crown charges – paragraphs 12(1)(o) and 18(1)(m)	090	091	
	Subtotal (fields 080 and 090, 081 and 091)	100	101	
<b>Expenses and deductions</b>				
3	Production royalties paid or payable	110	111	
4	Specified royalties paid or payable	120	121	
	Operating expenses (excluding prescribed rentals or royalties)	130	131	
	Prescribed rentals or royalties – Regulation 1211	140	141	
	Capital cost allowance	150	151	
	Cumulative eligible capital deduction	160	161	
	General and administrative expenses	170	171	
	Scientific research and experimental development expenditures claimed	180	181	
	Other	190	191	
	Subtotal (fields 100 to 190, 101 to 191)	200	201	
6	<b>Aggregate shares of adjusted resource profits (ARP) of all partnerships from fields 890 and 902 of page 4</b>	210	211	
	Subtotal (fields 200 and 210, 201 and 211)	220	221	
7	<b>Deduct:</b> Non arm's length transactions	230	231	
	Net resource royalties received or receivable	240	241	
4	50% of specified royalties received or receivable – Regulation 1210(2), item c	250	251	
	<b>Adjusted resource profits (subtotal of fields 220 to 250, 221 to 251)</b>	260	261	262
	<b>Deduct:</b> Canadian exploration and development overhead expenses	270		272
	Subtotal (fields 260 and 270, 261, 262 and 272). If the amount in field 282 is negative, it is a prescribed resource loss per Regulation 1210.1; enter nil in fields 300, 310, 320, and 322.	280	281	282
8	<b>Resource loss, 25% of prescribed resource loss in field 282.</b>			292
	Enter 25% of the amounts in fields 280 and 281. If field 282 is a negative amount and 281 is a positive amount, enter 25% of field 281 in field 301. If fields 281 and 282 are both negative, enter nil in field 321.	300	301	
9	<b>Deduct:</b> "Negative" earned depletion base	310	311	
10	<b>Resource allowance – Regulation 1210(1)</b>	320	321	322

\* Enter the aggregate of all successor streams from separate computations.



**CALCULATION OF RESOURCE PROFITS AND EARNED DEPLETION ALLOWANCE**

Name of taxpayer	Business Number	Taxation year end Year   Month   Day
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Notes		Regular	Successor *	Total
	Adjusted resource profits from fields 260 and 261 on page 2	330	331	
	<b>Add:</b> Recapture of CEE or CDE – Regulation 1204(1)(a)	340	341	
	Income from processing foreign ore in Canada – Regulation 1204(1)(b)(iv)	350		
	Net resource royalties received or receivable from fields 240 and 241 on page 2	360	361	
4	50% of specified royalties received or receivable from fields 250 and 251 on page 2	370	371	
	Other	380	381	
	<b>Deduct:</b> Aggregate shares of ARP of partnerships from fields 210 and 211 on page 2	390	391	
	<b>Add:</b> Aggregate shares of RP of partnerships from fields 980 and 981 on page 4	400	401	
	Subtotal (fields 330 to 400, 331 to 401)	410	411	
10	<b>Deduct:</b> Resource allowance – enter the amount from field 322 in field 420 and the amount from field 321 in field 421	420	421	
3	Resource royalties paid or payable	430	431	
	Interest expense	440	441	
	Financing costs – paragraphs 20(1)(e), (e.1), (e.2), and (f)	450	451	
	Other	460	461	
	Subtotal (fields 410 to 460, 411 to 461)	470	471	
	<b>Deduct:</b> Canadian exploration expenses	480		
	Canadian development expenses	490		
	Canadian oil and gas property expenses	500		
	Canadian exploration and development expenses	510		
	Successor Canadian exploration expenses		521	
	Successor Canadian development expenses		531	
	Successor Canadian oil and gas property expenses		541	
	Successor Canadian exploration and development expenses		551	
	Subtotal (fields 470 to 510, 471 to 551)	560	561	562
10	<b>Add:</b> Amount from field 421			572
	<b>Deduct:</b> Designated amount that may be included in field 381, pursuant to paragraph 66.7(10)(g)			582
	<b>Resource profits – Regulation 1204(1.1)</b>			592
	If the amount in field 561 is positive, enter 25% of that amount in field 601		601	
	<b>Successor earned depletion allowance</b> – per Regulation 1202(2), enter in field 611 the lesser of: (i) successor earned depletion base available per T2 SCH 12; or (ii) the amount in field 601		611	
	<b>Deduct:</b> 4 times the amount in field 611			622
	Subtotal (field 592 minus field 622)			632
	If the amount in field 632 is positive, enter 25% of that amount in field 642			642
	<b>Earned depletion allowance</b> – per Regulation 1201, enter in field 652 the lesser of: (i) earned depletion base available per T2 SCH 12; or (ii) the amount in field 642			652

\* Enter the aggregate of all successor streams from separate computations.



**CALCULATION OF TAXPAYER'S SHARE OF PARTNERSHIP'S ADJUSTED RESOURCE PROFITS AND RESOURCE PROFITS**

Name of taxpayer	Business Number	Taxation year end		
		Year	Month	Day

Name of partnership	Identification number	Fiscal period		
		Year	Month	Day

• Complete this form for each partnership interest.

Notes		Regular	Exempt	Exempt
<b>Taxpayer's share of the partnership's revenues</b>				
1	Canadian production and processing revenues – oil and gas (net of Crown charges)	660	661	
2	Canadian production and processing revenues – minerals (net of Crown charges)	670	671	
3	Production royalties revenues	680	681	
3	Resource royalties revenues	690	691	
4	Specified royalties revenues	700	701	
5	Hedging gain (loss) in respect of Canadian production and processing	710	711	
	Other	720	721	
	Subtotal (fields 660 to 720, 661 to 721)	730	731	
	<b>Add:</b> Crown charges – paragraphs 12(1)(o) and 18(1)(m)	740	741	
	Subtotal (fields 730 and 740, 731 and 741)	750	751	
<b>Taxpayer's share of partnership's expenses and deductions</b>				
3	Production royalties paid or payable	760	761	
4	Specified royalties paid or payable	770	771	
	Operating expenses (excluding prescribed rentals or royalties)	780	781	
	Prescribed rentals or royalties – Regulation 1211	790	791	
	Capital cost allowance	800	801	
	Cumulative eligible capital deduction	810	811	
	General and administrative expenses	820	821	
	Scientific research and experimental development expenditures claimed	830	831	
	Other	840	841	
	Subtotal (fields 750 to 840, 751 to 841)	850	851	
7	<b>Deduct:</b> Non arm's length transactions	860	861	
	Net resource royalties received or receivable	870	871	
4	50% of specified royalties received or receivable – Regulation 1210(2), item c	880	881	
	<b>Taxpayer's share of adjusted resource profits (ARP)</b> (subtotal of fields 850 to 880, 851 to 881)	890	891	
6	<b>Taxpayer's share of ARP of an exempt partnership</b>			902
	<b>Add:</b> Income from processing foreign ore in Canada – Regulation 1204(1)(b)(iv)	910	911	
	Net resource royalties received or receivable from fields 870 and 871	920	921	
4	50% of specified royalties received or receivable from fields 880 and 881	930	931	
3	<b>Deduct:</b> Resource royalties paid or payable	940	941	
	Interest expense	950	951	
	Financing costs – paragraphs 20(1)(e), (e.1), (e.2), and (f)	960	961	
	Other	970	971	
	<b>Taxpayer's share of resource profits (RP) of a partnership before resource allowance</b> (subtotal of fields 890 to 970, 891 to 971, excluding field 902)	980	981	